

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7363

BILL NUMBER: SB 524

NOTE PREPARED: Jan 14, 2009

BILL AMENDED:

SUBJECT: Department of Heritage and Cultural Resources.

FIRST AUTHOR: Sen. Merritt

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: *Department of Indiana Heritage and Cultural Resources (DIH).* This bill establishes the DIH and a fund to support the department. The bill makes changes to the duties of the Division of State Museums and Historic Sites. It also provides for the transfer of personnel, property, and responsibilities to the DIH.

Admission Fees for Historic Sites. The bill allows admission fees to be established for historic sites. The bill provides that at least 51% of the fees collected from a particular historic site must be used for the educational programs conducted at the historic site and for the maintenance and operation of the historic site.

Historic Site Fund. The bill establishes the Historic Site Fund and requires the admission fees and historic property sales to be deposited in the Historic Site Fund (instead of in the Museum Acquisition Fund).

Effective Date: July 1, 2009.

Explanation of State Expenditures: *Summary-* Cost savings, if any, will depend on the efficiencies gained by the consolidation of duties in the DIH. Also, costs will increase to establish a new department, a new commissioner, and for administration of new fees. Some of these increased costs may be offset by newly established fees received.

No State General Fund Appropriations. The bill contains no appropriation from the state General Fund.

Department of Indiana Heritage and Cultural Resources. The DIH consists of the Office of the Commissioner. The Commissioner is entitled to compensation in an amount to be fixed by the Budget

Agency with the approval of the Governor. If the Commissioner were classified as an ESM I (an Executive, Scientific, Medical classification), costs for the compensation and fringe benefits for the Commissioner would be approximately \$101,110 (with a salary of about \$77,450 and fringe benefits plus indirect costs of about \$22,160). Additional costs would be incurred for office space if none is currently available. The bill establishes a fund (described below) to provide money for the DIH.

The powers and duties of the following entities are transferred to the DIH:

- (1) The Indiana Arts Commission.
- (2) The poet laureate.
- (3) DNR Division of Historic Preservation and Archeology.
- (4) DNR Division of State Museums and Historic Sites.
- (5) Indiana Historical Bureau.
- (6) Indiana State Library.
- (7) Indiana War Memorials Commission.
- (8) Commission on Public Records.
- (9) Indiana Department of Administration, State House Tour Office.
- (10) Indiana Department of Transportation, Cultural Resources Section, Historic Bridge Marketing Program.
- (11) Indiana State Police Museum.

All the property, personnel, positions, and appropriations of each agency is transferred to the DIH.

The Office of Management and Budget's Division of Government Efficiency and Financial Planning must assist in organizing the structure of the DIH in the most efficient manner possible. The State Personnel Department and the Budget Agency must assist in restructuring the DIH.

The commissioner must report legislative recommendations necessary for restructuring the department to the Governor and the Legislative Council before October 1, 2009.

The impact of these provisions will depend on the resultant restructuring.

Department of Indiana Heritage and Cultural Resources Fund. The bill establishes the DIH Fund to provide money for the DIH to carry out its duties. The DIH is to administer the fund.

Historic Site Fees: The bill allows the Natural Resources Commission to establish admission fees for historic sites. This provision will result in administrative expenses for the DNR. Each site that is currently not collecting a fee would experience a one-time operational cost of approximately \$3,000. Total statewide one-time costs would equal less than \$25,000. This figure includes setup costs for cash registers, credit card machines, phone lines, etc. These additional operating costs will be paid from the Historic Site Fund, also established under this bill, which is comprised of fees that may be charged for admission to historical sites.

Historic Site Fund. This bill establishes the Historic Site Fund to provide funding for educational programs and the operation of historic sites. The Division of State Museums and Historic Sites is to administer the fund. At least 51% of admission fees collected at historic sites must be used for educational programs conducted at the historic site; and the maintenance and operation of the historic site. Expenses of administering the fund must be paid from money in the fund.

Division of State Museums and Historic Sites. The DNR Division may execute contracts or other instruments

that are necessary to exercise the division's duties and powers. The Division may employ or contract with persons to operate museums and sites; make and sell merchandise; pay royalties, license fees, and charges for exhibits, artifacts, and other materials; own and enforce copyrights, trademarks, and other service marks; and sell, donate, or exchange artifacts. The impact of these provisions will depend on the action of the Division.

Board of Trustees for the Division of State Museums and Historic Sites. The bill eliminates provisions that require the trustees to nominate, when the position of division director is vacant, a person to be appointed by the DNR director to that position; to recommend the dismissal of a division director; and to make recommendations concerning the salary ranges of the administrative, professional, and technical staff of the division. It is presumed that these provisions will not result in a significant fiscal impact.

Explanation of State Revenues: *Department of Indiana Heritage and Cultural Resources Fund.* The bill establishes the DIH Fund. The fund consists of appropriations; assets transferred from other agencies to the DIH; proceeds from the sale of items by the DIH; gifts; and investment earnings. Revenue in the fund is used to finance the operations of the DIH. The DIH may accept gifts, bequests, and devises of personal and real property for the maintenance, use, or benefit of the DIH.

The Natural Resources Commission (NRC) may establish fees for historic sites operated by the DIH.

The DNR Division of State Museums and Historic Sites may establish and collect admission charges, fees, rent, and other user fees for the following:

1. State museums and historic sites.
2. Restaurants and other facilities located at the museums or sites.
3. Programs, lectures, classes, tours, and trips.

Historic Site Fund. The bill establishes the Historic Site Fund. Admission fees and proceeds from sales and leases must be deposited in the fund. The Treasurer of State must invest money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Money in the fund at the end of a state fiscal year does not revert to the state General Fund.

At least 51% of the fees, or an estimated \$50,120, must be used for educational programs conducted at the historic site and for the maintenance and operation of the historic site.

Admission fees provide the revenue source for 11 interpretation and program presenters. Revenue presented below is based on FY 2008 attendance figures and on admission fees ranging from \$2 to \$4.50. School group fees have already been established by the Commission at \$1 per student.

FY 2008 Revenue Generated by Admission Fees for Historic Sites and Operational Costs			
Site	FY 2008 Revenue	51% of Revenue	FY 2008 Operational Costs ****
Angel Mounds State Historic Site	\$14,485	\$7,388	\$47,017
Levi Coffin State Historic Site *	0	0	4,400
Corydon Capitol State Historic Site	5,510	2,810	20,150
Culbertson Mansion State Historic Site	4,297	2,191	20,318
Ernie Pyle State Historic Site	2,684	1,369	10,694
Gene Stratton Porter State Historic Site	3,710	1,892	27,200
Grissom State Historic State **	0	0	0
Lanier Mansion State Historic Site	24,168	12,326	44,481
Limberlost State Historic Site	5,923	3,021	12,100
New Harmony State Historic Site***	0	0	16,370
T. C. Steele State Historic Site	7,965	4,062	24,373
Vincennes State Historic Site	2,523	1,287	27,850
Whitewater Canal State Historic Site	<u>27,012</u>	<u>13,776</u>	<u>56,225</u>
Total	\$ 98.275	\$ 50.120	\$ 311.178
<p>* Levi Coffin State Historic Site was managed and staffed by Friends of Levi Coffin</p> <p>**Grissom State Historic Site is owned, managed, and staffed by the Heritage Foundation. The Division presented a \$75,000 grant to the Heritage Foundation.</p> <p>*** Indiana State Museums and Historic Sites is in contract with University of Southern Indiana (USI). The Division manages the collections for both organizations, and USI manages the interpretation and guest services.</p> <p>**** Sectional marketing, training and security, grounds maintenance and trash removal contracts costs which are bid at a section level are not included in the costs.</p>			

Background Information on Operational Costs of the Historic Sites. In addition to the operating costs in the table above, in 2005, DNR provided an estimated \$1 M for historic sites, which included \$90,000 for real estate and liability lawyers expenses from the DNR Administration budget and \$910,000 from the Division of Engineering and Division of State Parks budget for engineers and architectural services, earthworking equipment, and tree removal.

Also, there was approximately \$1.41 M in expense for state historic sites in the Indiana State Museum budget in FY 2005. Items included in the Indiana State Museum budget include asset charges, artifact curator and conservation services, conservation laboratory and equipment costs.

The budget for FY 2009 included state General Fund appropriations of \$3.1 M for state historic sites and \$2.4 M for museums and historic sites. Capital projects in the budget included state General Fund appropriations for preventive maintenance of \$365,559, repair and restoration of \$4.5 M, and a project of \$430,000.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: SPD; SBA; Indiana Arts Commission; Poet Laureate; DNR Division of Historic Preservation and Archeology; DNR Division of State Museums and Historic Sites; Indiana Historical Bureau; Indiana State Library; Indiana War Memorials Commission; Commission on Public Records; Indiana Department of Administration, State House Tour Office; Indiana Department of Transportation, Cultural Resources Section, Historic Bridge Marketing Program; Indiana State Police Museum; Office of Management and Budget's Division of Government Efficiency and Financial Planning.

Local Agencies Affected:

Information Sources: DNR.

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